an order dated 29.12.1995 the Commissioner of Central Excise, New Delhi confirmed an amount of Rs. 683.5 crores on M/s. ITC Ltd. in a matter arising out of a show cause notice demanding duty of Rs. 803 crores issued to M/s. ITC Ltd. and its outside contract manufacturers during the year 1987. During the pendency of an appeal against the said order before the Tribunal, M/s. ITC Ltd. paid Rs. 350 crores as pre-deposit. The said demand was set aside by the Tribunal on 4.9.1998 and thereafter by the Hon'ble Supreme Court on 10.9.2004. The Court subsequently also dismissed the review petition filed by the Government. The Central Excise Laws (Amendment & Validation) Ordinance, 2005, came in to force on the 25th January 2005 to cure the infirmities pointed out by the Supreme Court in the relevant notifications and to validate the actions taken thereunder. During the currency of the Ordinance, M/s. ITC Ltd. expressed their willingness to forego their claim for refund of the deposit of Rs. 350 crores and requested the Government to waive the demand for the balance under the Ordinance or otherwise. After carefully considering the matter, and having regard to suggestions that the tax dispute should be settled on a reasonable basis, the Government accepted ITC Ltd.'s offer. The adjudicating authority by an order dated 5th April, 2005 accepted the settlement and adjudged the payment of Rs. 350 crores as central excise duty.

Growth rate of GDP

†3454. DR. MURLI MANOHAR JOSHI:
SHRI ABU ASIM AZMI:
DR. M.A.M. RAMASWAMY:
SHRI RAM JETHMALANI:

Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware that the growth rate of Gross Domestic Product of the country has declined to 6.2 per cent in the third quarter of 2004-05 and if so, the extent of adverse effect of this decline on the growth rate of the whole year;

(b) the reasons for decline in pace of growth rate in the third quarter of the year 2004-05 and the measures being explored for its compensation;

(c) the percentage of growth rate of the whole year in the year 2004-05 and to what extent this rate is less in proportion to the target of Tenth Plan; and

†Original notice of the question was received in Hindi.

(d) the steps being taken to achieve the growth rate fixed for the Tenth Plan?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) As per the latest information released by the Central Statistical Organisation (CSO), the overall growth of Gross Domestic Product (GDP) at factor cost at constant prices during the third quarter of 2004-05 (October to December) is estimated at 6.2 per cent compared to 6.1 per cent during the corresponding period of the previous year. The overall growth of real GDP at factor cost during April-December 2004-05 is lower at 6.7 per cent compared to 8.6 per cent during the corresponding period of the previous year. The lower growth rate recorded in the third quarter of 2004-05 is mainly due to the negative growth of 1.1 per cent in agriculture and allied sector compared to a growth of 18.2 per cent recorded in the corresponding period of the previous year and slightly lower growth in mining & quarrying and trade, hotels, transport & communication. The lower estiamated growth in 2004-05 is mainly due to the decline in kharif foodgrains production. However, with the anticipated good rabi foodgrains production, there should be a positive growth in agriculture in the fourth quarter.

(c) As per the advance estimates released by the Central Statistical Organisation, growth in real GDP during 2004-05 is estimated at 6.9 per cent compared to the annual average growth rate of 8 per cent envisaged in the Tenth Five Year Plan (2002-07).

(d) The Union Budget for 2005-06 has proposed a number of initiatives such as emphasis on enhanced public investment, diversifying agriculture, promotion of public-private partnership for infrastructure development, liberalisation of Foreign Direct Investment (FDI) and facilitating growth in industries and services sector through an enabling policy environment. The various measures are expected to have a favourable impact on the growth of the economy.

Government borrowings from Market

†3455. SHRI RAM JETHMALANI:
DR. MURLI MANOHAR JOSHI:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government have taken a decision to borrow Rs. 83,000 crore from the market only in the first six months of the year 2005-06;

†Original notice of the question was received in Hindi.